WORKERS' COMPENSATION COMMISSION

OF NEWFOUNDLAND AND LABRADOR

Annual Report 1985

90-00517/

Cover

SOUTHERN NEWFOUNDLAND SEAMEN'S MUSEUM, GRAND BANK

Set against a rugged coastline the Southern Newfoundland Seamen's Museum, formerly the Yugoslavian Exhibition Hall at Expo '67 offers a vivid contrast between its modern design and the beauty of the surrounding landscape. The Museum features artifacts relating to the history of fishing activities on the South Coast of Newfoundland and is operated by the Department of Culture, Recreation and Youth.

Photo: Courtesy — Tourist Services Division
Dept. of Development

WORKERS' COMPENSATION COMMISSION
OF NEWFOUNDLAND AND LABRADOR

Head Office:
146-148 Forest Road, St. John's, Nfld.

Branch Offices:
High Street, Grand Falls, Nfld.
Main Street, Corner Brook, Nfld.

DEDICATED TO THE PROVISION OF PROMPT AND ADEQUATE INCOME PROTECTION TO VICTIMS OF INDUSTRIAL INJURY AND TO THEIR FULLEST POSSIBLE REHABILITATION.

ED MAYNARD	— Chairman & Chief Executive Officer
ANDREW G. ROSE	— Commissioner
GORDON WOODFORD	— Commissioner
MAX BURSEY	— Executive Director, Claims Services
BRUCE PECKFORD	— Executive Director, Finance & Administration

WORKERS' COMPENSATION COMMISSION
OF NEWFOUNDLAND AND LABRADOR
146-148 FOREST ROAD, P. O. BOX 9000, STN. "B", ST. JOHN'S, NFLD., CANADA A1A 3B8
Telephone (709) 754-2940 Telex 016-4686

EXECUTIVE OFFICE

1986 03 31

The Honourable T.A. Blanchard
Minister of Labour
Confederation Building
St. John's, Newfoundland
A1C 5T7

Dear Mr. Minister

The Workers' Compensation Commission is pleased to present its Annual Report for the year 1985.

We trust that the information contained herein, regarding the activities of the Commission during the past year, is satisfactory.

Respectfully submitted,

Ed Maynard
Chairman

A.G. Rose
Commissioner

G.F. Woodford
Commissioner

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INTRODUCTION

The Annual Report of the Workers' Compensation Commission presents a review of activity for the year ended 1985 12 31.

The Workers' Compensation Act/Regulations 1983-1984 governs the operation of a no-fault work injury insurance program for the workers and employers of the province. This program provides to the worker guaranteed wage loss protection and the payment of medical costs associated with work injury and disease, and protection from suit to the employer.

The enclosed material provides information on the operation of this program. For further information on any aspect of this program, please contact:

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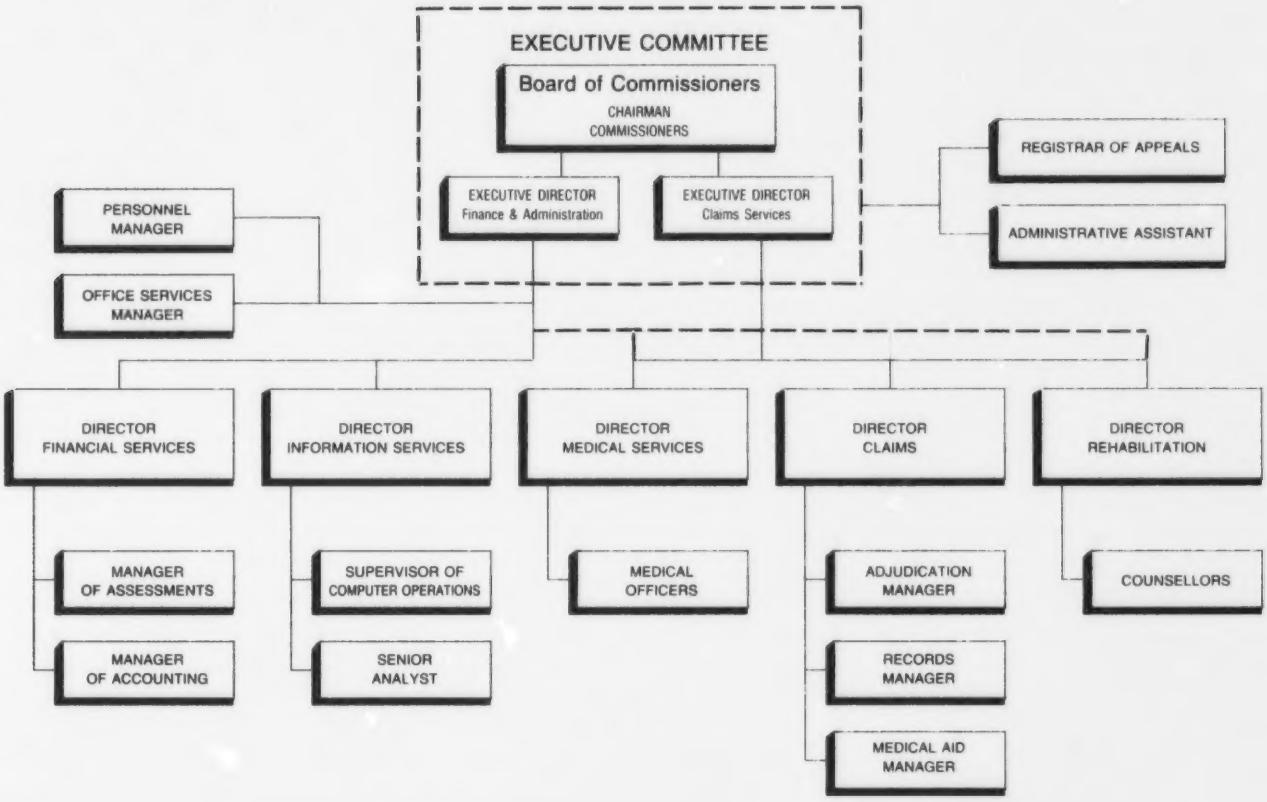

EXECUTIVE COMMITTEE
Board of Commissioners
CHAIRMAN
COMMISSIONERS
EXECUTIVE DIRECTOR
Finance & Administration
EXECUTIVE DIRECTOR
Claims Services
REGISTRAR OF APPEALS
ADMINISTRATIVE ASSISTANT
PERSONNEL MANAGER
OFFICE SERVICES MANAGER
DIRECTOR FINANCIAL SERVICES
DIRECTOR INFORMATION SERVICES
DIRECTOR MEDICAL SERVICES
DIRECTOR CLAIMS
DIRECTOR REHABILITATION
MANAGER OF ASSESSMENTS
MANAGER OF ACCOUNTING
SUPERVISOR OF COMPUTER OPERATIONS
SENIOR ANALYST
MEDICAL OFFICERS
ADJUDICATION MANAGER
RECORDS MANAGER
MEDICAL AID MANAGER
COUNSELLORS

REPORT ON OPERATIONS

General

For the past several years, the Commission has been going through a major re-organization. Significant changes have been made in the functional operations of the Commission, with a re-alignment of the management structure, and operational and support departments. Some changes have been necessary as a result of new legislation — with the resultant change to a wage-loss system; expanded benefits coverage; and more emphasis on rehabilitation. Other changes have been necessary because of the introduction of modern office technology; to meet the increased demands by the public on the workers' compensation system. This has been the first major reorganization of management and operations since the Board was originally set up in 1950.

During 1985 the emphasis was on finalizing the reorganization of the administrative structure. That's not to suggest that the organization is at the ideal stage; there must be a continuous search for more efficient means of administration. However, with technological advanced office practices and procedures well entrenched, the ongoing requirement is to ensure that these are kept up to date; thereby eliminating the need for periodic major re-alignments.

As well, during the past year, continued emphasis was put on adapting to the concepts of the new legislation. Even while reviewing the implementation however, analysis is being done to identify further improvements. Some necessary changes have been identified. This review process will continue to ensure the legislation meets the demands generated by a changing industrial society.

Changes in legislative requirements, and re-organization of office procedures, have created more than the normal demands on the staff and management. Throughout this whole period, however, the Commission has been very fortunate to retain a very dedicated staff. Attempts have been made at all stages to involve staff in all matters — the cooperation received is highly appreciated. A better attitude of teamwork now exists; resulting in a desire to provide better services to the public, which we serve. The Executive is confident of the continued full support of the senior management and staff in these matters.

There were only minor legislative changes in 1985. The most significant changes concerned:

— deduction of C.P.P. disability benefits from workers' compensation benefits; and
— termination of the special sections of the Act related to the St. Lawrence operations.

While some increased efforts have been made to provide information to the public through seminars and workshops, the Commission is cognizant of the fact that not enough is being done in this area.

A more concentrated effort will be made in 1986 to reach workers and employers, with more precise information on the workers' compensation system, its parameters, and methods of operation. To make the system work to the greatest benefit of all parties — at the most reasonable cost — it's necessary for all affected parties to have a better understanding of scope and application of the system.

CLAIMS DEPARTMENT

Adjudication

The past year was very significant for the Claims Department. Two major events occurred in the administration of the department which were designed to provide improved service.

1. In June, 1985 a new on-line computerized system for claims processing was introduced. With this system the following benefits were realized:
   - — compensation cheques are produced daily rather than weekly.
   - — a "keep in view" monitoring system improves claims control.
   - — additional statistical information is captured.
   - — information on claims is more readily accessible.
   - — claims turnaround time is improved.
   - — a reduction in paper handling and computation.
2. The functioning of the Adjudication Unit was examined closely and a revised operating structure developed. The objective of this new structure is to improved service by the streamlining of operations. This will be accomplished by assigning an Adjudicator to each claim who will then be directly responsible for all aspects of its management. Direct communication between the claimant and Adjudicator is being encouraged.

Other efforts are also being continued towards reducing the time required to adjudicate and process claims. Attempts will be made to have injury reports submitted to the Commission more quickly, and Adjudicators will be required to act promptly in deciding questions relating to entitlement.

In 1986 medical aid accounts will be processed through the new computer system. The aim is to have bills for services provided injured workers to be processed within 30 days from the date the account is received.

The Department is concerned over an increase in the average length of time a claim is active. This concern is being addressed by close monitoring of claims to ensure there is no delay in medical follow up care. Toward this end specialist medical clinics are being held where claimants can be examined quickly. The services of our Rehabilitation Department are also being made available to injured workers at an earlier date to assist in early return to work. Several notable trends are:

- — a significant increase in the number of fatal injury claims.
- — an increase in requests for reopening of older claims.
- — an increase in the number of claims being reviewed by the Claims Review Committee.
- — delays by employers in submitting injury reports (Form 7) to the Commission. These delays effect the processing time in issuing payment of benefits to injured workers. Section 44 of the Act requires that the Employer notify the Commission in writing within three days after the occurrence of an injury to a worker.

Total claims expenditure for 1985 was $28,057,771 compared to $26,611,000 for 1984, a 5.4 percent increase. Claims received in 1985 were 16,465 compared to 16,107 in 1984. At year end 1,100 claims were active versus 800 in 1984. There were 37 fatal accidents in 1985.

Appeals

There are two formal levels of appeal within the Commission. The first level is to a Commissioner and the final level is to the Board of Commissioners.

Before a decision reaches the formal appeal stage it must have been confirmed by the Director, or a Review Committee of the Department responsible for the decision. For example, if a worker was not satisfied with a decision on his/her claim, the decision would have to be reviewed and confirmed by the Claims Review Committee before going to the Commissioner's Appeal level. The Commissioner, after reviewing the appeal and considering all the evidence, may decide to change the decision or conduct a hearing. At the hearing, the appellant has the right to be represented and to bring witnesses or present other evidence considered necessary to support the appeal.

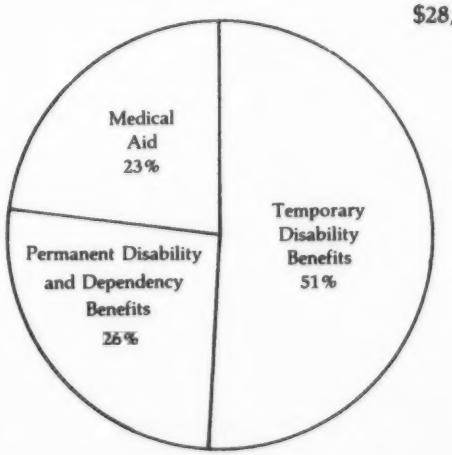
The Commissioner is required to give a written decision stating reasons. If the Commissioner's decision is not acceptable to the appellant, a further appeal may be lodged before the Board of Commissioners. This is the final level of appeal. However, a decision involving a **question of law** or a question as to the **Commission's jurisdiction** may be appealed to the Trial Division of the Supreme Court of Newfoundland.

In 1985 there were 85 appeal hearings — 70 at the Commissioner level and 15 before the Board of Commissioners.

Twenty-three previous decisions were overturned or modified.

Claims Expenditure

Temporary Disability Benefits	$14,251,061
Permanent Disability and Dependency Benefits	7,294,009
Medical Aid Payments	6,512,701
	$28,057,771



REHABILITATION DEPARTMENT

Early Rehabilitation is seen to be the key to the Compensation process. The results of long-term disabilities are:

- — the loss of work-ethic;
- — pre-occupation with the injury;
- — a passive attitude to responsibilities;
- — the creation of spin-off psychological and sometimes addictive problems.

These problems have to be addressed in a priority manner, with equal attention from the medical profession, the employer and labour authorities. Traditionally a "return to work" has not even been considered until medical "clearance" is provided. It is the intention of this Department to introduce incentives to workers and industry to encourage injured workers to remain part of the work force while recuperating from an injury, and to quickly re-apply their skills and experience consistent with their injury and present limitations.

During 1985 the Department placed an increased emphasis on "on the job" training programs. This now represents 50% of the total trade training costs which reflects a preference of workers to receive training in a work-site environment — rather than in a classroom. It also shows that employers are willing to provide opportunities for disabled workers to "prove themselves", and secure employment.

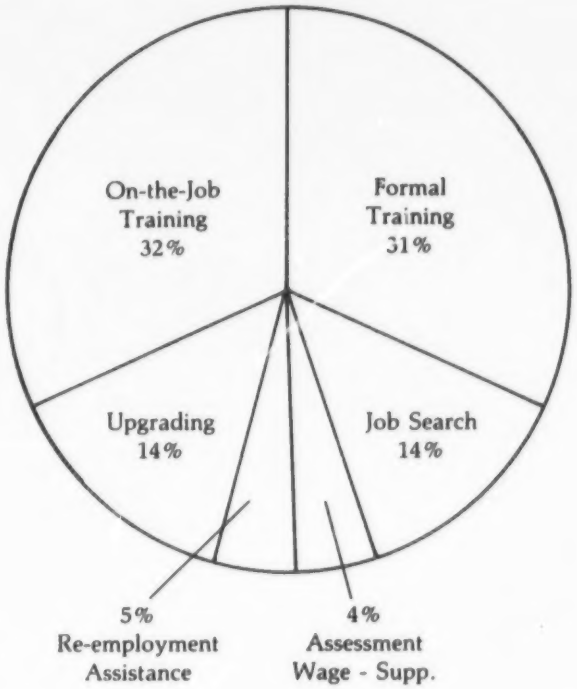
The Department's "Job Search" Program represents a real challenge to both worker and counsellor. The objective of this program is to help a worker take the initiative in becoming re-established in the work force; to allow the worker to investigate alternate ways of employing or developing skills; and to again take control of their future. Despite the fact that this program is often criticized as being futile and ineffective a survey of the 1985 Job Search programs shows a 74% success rate.

The Workers' Compensation Act which became effective in January, 1984 introduced the concept of compensation based on loss of earning capacity. This has placed increased responsibilities on the Rehabilitation Department and has necessitated a re-assessment of Department programs to ensure that any earnings loss is minimized.

The Department intends to emphasize in 1986 its programs of Trial Work, Work Assessment, On-the-Job Training, and Improvement of Skills, during the benefit period, to ensure that injured workers retain their identification with the work force.

Costs in 1985 rose from 1.4 million to **2.2 million**. Increases are attributed in the main to Job Search and other re-employment assistance programs which are to facilitate transition from compensation "lost time" benefits to employment/training program. Caseload for 1985 dropped slightly from 1200 in 1984, to 900 in 1985.

Rehabilitation Expenditure by Programs



FINANCIAL SERVICES DEPARTMENT

The Financial Services Department is responsible for all accounting functions, registration and assessment of employers, and management of the Commission's investment portfolio.

With the introduction of universal coverage in 1984, activity in the registration and assessment of employers not previously covered continued to be a prime activity. The number of registered employers has increased from 8,500 to 10,000. Efforts to notify all employers is continuing.

Accounts receivable increased during 1985 as a result of the increased number of employers now registered. Greater efforts are planned in 1986 to improve collections. Prompt receipt of revenue results in a greater investment base and an improved investment return which is used to offset assessment rates.

The department has begun the design and development of an experience rating system — scheduled to be completed for implementation in 1987. New computer programs introduced in the assessment department in 1985 improved productivity and provided easy access to employer information. Further use of the computer is planned in 1986 particularly in rate setting function.

During 1985 major changes were made to the employer's classification system. This change expanded the number of rating groups from 33 to 84. The intent of this adjustment was to improve the classification of similar industries into individual groups.

In 1986 the accounting division will study the concept of immunizing a portion of its long-term investment portfolio. Immunization is a method used to match cash flows derived from principal, interest, and interest on interest with future payments to pensioners. The results of the study may further refine the amount of the Commission's unfunded liability. Also, new actuarial studies are planned to update estimates of future liabilities.

Financial Highlights 1986

Revenue:	
Assessment Revenue	$35,701,196
Investment Income	6,196,633
Expenditure:	
Compensation	14,251,061
Medical Aid	6,512,701
Rehabilitation	2,215,836
Lump Sums	1,630,345
Burial Expenses	24,145
Dependency Benefits	3,279,373
Payment to Permanently Disabled Workers	4,014,636
Occupational Health and Safety	1,569,630
Administration	4,016,238

10.7%

MEDICAL DEPARTMENT

The Medical Department provides advice essential to the fair and prompt adjudication and management of injured workers' claims.

The Medical Department's physicians promote a good working relationship with the treating physicians, paramedical personnel, and treating institutions. The treating physicians involvement is essential in achieving the goal of getting the injured worker back into the workforce as quickly as possible. Formal presentations continue to be given to groups of physicians emphasizing the need for a cooperative effort to best serve the injured worker, the Commission, and ultimately, society in general.

Occupational disease continues to be a primary concern of the Commission. Computer programs are being developed to help analyze occupational disease claims — emphasis is being placed on occupational disease risks related to miners. This will help analyze the extent of the past and present risks in this area. The Commission continues to actively work with the Occupational Health and Safety Branch of the Department of Labour in this area of occupation disease.

During 1985, there was continued use of the Adult Rehabilitation and Assessment Program at the Leonard A. Miller Centre. These two-week multi-disciplinary assessments take into consideration not only the organic problem, but also, any pertinent psychological and social factors. Here a plan for further investigations and treatment is developed. Referrals are mainly long-term claimants who possess a myriad of problems.

Meetings are presently being held concerning expansion of the Miller Centre Assessment Program to include investigations and treatment. An essential component of this proposal is the efficient coordination and use of the Health Science Centre (an active treatment facility). This proposed expansion is foreseen as being able to decrease the delays inherent in the medical system, and therefore, assist in the goal of decreasing the time injured workers remain away from the work site receiving temporary total disability.

In May of 1985, a program of priority appointments with orthopaedic surgeons was arranged. Delays in obtaining orthopaedic opinions — commonly two to four months — have now been decreased to two weeks or less. This program appears to be having the desired effect on decreasing costs by preventing needless delays in the claimant's medical care.

The eight beds made available to the Commission on a priority basis at the Health Science Centre has served to keep the waiting list short for investigative procedures and surgical intervention. The unacceptable long waiting periods, which in the past were frequently more than one year, have been eliminated.

The Medical Department is making significant progress in meeting the objective of more closely monitoring the medical care claimants are receiving. Alternatives are being developed that circumvent the long delays in the medical care system. The goal must be to decrease the number of claimants reaching the six-month period without having returned to work. The risk of development of the "chronic pain syndrome" increases steadily the longer a claimant is off work. Delays in receiving opinions, investigations and treatment, are a major factor in the number of claimants who end up in this frustrated, depressed, and anxious state. The eight priority beds at the Health Science Centre, the Assessment Program at the Miller Centre — with its proposed expansion into investigations and treatment — and the priority appointments with orthopaedic surgeons, are all helping to reach this goal.

Through increased use of the computer, the ability to more completely analyze data on such subjects as occupational exposure and risk of occupational disease, treatment time for various injury types, that could help improve the effectiveness of the Medical Department, should be more adequately reached in 1986.

Medical Department Caseload

	1985	1984
Claimants examined	407	457
Referrals to the Medical Advisory Committee on Industrial Respiratory Diseases	47	78
Referrals to the Miller Centre	78	80
Referrals to Orthopaedic Surgeons	376	—
Admissions to the Health Sciences Centre	157	258
Referrals for consultation and advice:		
From Claims Department	6,874	6,286
From Rehabilitation Department	546	310
From Board of Commissioners	249	217
From other Provincial Compensation Boards	30	58
Referrals for Occupational Diseases:		
Hearing	297	487
Respiratory	204	185
Referrals for Hospital Admission Assistance	672	1,075
TOTAL	9,937	9,491

INFORMATION SYSTEMS DEPARTMENT

The Information Systems Department is responsible for providing information processing services within the Commission. In addition, the department provides work injury statistics to the Occupational Health and Safety Division of the Department of Labour and Manpower. Approximately 90% of all processing in 1985 was performed on the in-house mini-computer, an IBM System/38.

In 1985, priority was given to the development of new systems. The following systems were developed and put into production:

- — accounts receivable and employer's assessment
- — lost time payments
- — medical admission monitoring
- — earnings replacement payments
- — annuity processing
- — bank reconciliation
- — priority orthopaedic appointment scheduling
- — industrial disease claims assessment

Three other systems are being developed and are scheduled to be put into production in the new year:

- — medical aid payments
- — experiencing rating
- — Miller Centre claimants assessment

To keep up with the high volume of processing, the following equipment changes were made:

- — a second Personal Computer was installed at the Occupational Health and Safety Division
- — a personal computer was installed in the Rehabilitation Department — capable of being operated as a stand alone unit, or communicate directly with the System/38.
- — the local terminal network increased to 35 work stations.
- — the System/38 was upgraded from a Model 5 with 2 megabytes of main memory to a Model 6 with 4 megabytes of main memory.
- — word processing capability was upgraded to 10 terminals.

In 1985, analytical and programming support was provided to the Commission on both a contractual and permanent basis. The external contracts are scheduled to terminate early in the new year. In 1986, systems development and systems maintenance will be handled by permanent staff in the Systems Development Section of the department.

In our effort to become an inhouse operation, a number of changes took place that affected the department in general.

- — two data entry operator positions became redundant; data entry is now performed within the user departments.
- — computer operations were extended into a second shift.

During the year, physical security of the computer room was improved and a Halon Fire Extinguishing System installed.

As the Commission expands its use of computers, continued expansion of computer facilities is envisaged.

PERSONNEL

The past year was very active in the personnel area. Among significant events was a start on the implementation of the Hay System of Job Evaluation. It is planned to introduce this sytem during 1986. Through the use of this system it is expected that internal equity will be improved so that all jobs will properly reflect their relative value to one another. A Performance Review Program was also implemented for bargaining unit staff and will be expanded to include management in 1986.

Staff development continued to be a priority of the Commission and forty-four (44) staff members attended seminars and conferences, and took courses related to their fields of operation. The permanent full-time staff level as of 1985 12 31 was 100.

FINANCIAL STATEMENTS AND NOTES

Funding Policy

Auditors' Report

Balance Sheet

Statement of Revenue, Expenditure and Provisional Operating Deficit

Statement of Liabilities and Reserve Accounts

Statement of Changes in Financial Position

Administrative Expenses

Statement of Revenue, Expenditure and
Provisional Operating Surplus (Deficit) by Classes

Notes to Financial Statements

COMMISSION'S POLICY ON FUNDING FOR RESERVES AND LIABILITIES

Pursuant to Sections 85 and 104 of the Workers' Compensation Act, 1983, The Commission has developed a policy statement on aims and objectives regarding funding of reserves for current and long term liabilities.

POLICY STATEMENT

The Commission shall endeavour to have available sufficient assets to cover the total liabilities and reserves accumulated to any specific point in time.

At the end of each calendar year the total assets of the Commission, consisting of:

(a) depreciated value of fixed assets;
(b) current book value of long and short term investments;
(c) accounts receivable (less allowance for doubtful accounts); and
(d) cash on hand,

shall be compared to the total liabilities and reserves; including:

(a) current liabilities;
(b) liability for long term pensions, payable for life or to age 65;
(c) liability for long term survivors benefits, payable for life or limited periods;
(d) liability for established earnings replacement benefits, projected to age 65;
(e) liability for temporary disability benefits, projected to estimated termination;
(f) liability for estimated future cost of medical aid;
(g) Recapitalization Reserve;
(h) Disaster Reserve;
(i) Second Injury Reserve; and
(j) Annuity Reserve.

NOTE: All liabilities in (a) (b) (c) (d) (e) and (f), shall be calculated on current dollar values with no allowance for future statutory increases or other adjustments. The philosophy being that if the Commission was to cease operation at that point, additional liabilities would not be accrued.

The aim of the Commission shall be, that the total assets as described herein, shall equal or exceed the total liabilities and reserves.

AUDITOR'S REPORT

To the Board of Commissioners of the
Workers' Compensation Commission of
Newfoundland and Labrador

We have examined the balance sheet of The Workers' Compensation Commission of Newfoundland and Labrador as at December 31, 1985 and the statements of revenue, expenditure and provisional operating deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Commisison as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

St. John's, Newfoundland
February 21, 1986

Doane Raymond

Chartered Accountants

BALANCE SHEET
DECEMBER 31, 1985

ASSETS

	1985	1984
Current		
Cash		$ 199,701
Temporary investments, at cost	$ 2,999,654	1,350,000
Receivables		
Assessments (less allowance for doubtful accounts $960,705; 1984 - $738,096)	5,432,755	4,261,464
Interest	1,137,344	1,195,059
Self-insurers	332,938	230,212
Other	15,482	17,617
	9,918,173	7,254,053
Investments, at book value (Note 2)	56,361,185	52,361,961
Land, building, furniture and equipment (Note 3)	5,090,427	4,948,155
	$71,369,785	$64,564,169

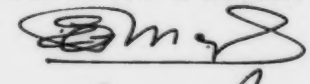
LIABILITIES

	1985	1984
Current		
Bank indebtedness	$ 1,089,078	
Payables and accruals		
Suppliers	161,757	$ 300,873
Occupational Health and Safety	1,569,630	1,493,407
Due to employers	260,096	288,766
	3,080,561	2,083,046
Estimated liability for future costs of existing claims	31,849,764	30,424,706
Liability for pension awards	49,785,513	45,420,380
	84,715,838	77,928,132

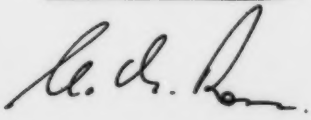
RESERVES AND OPERATING DEFICIT

Disaster	6,079,905	4,842,557
Enhanced disabilities	658,617	757,866
Recapitalization	2,439,840	2,469,034
Occupational Health and Safety	778,024	
Provisional operating deficit	(23,302,439)	(21,433,420)
	(13,346,053)	(13,363,963)
	$71,369,785	$64,564,169

ON BEHALF OF THE COMMISSION



Chairman



Commissioner

STATEMENT OF REVENUE, EXPENDITURE AND PROVISIONAL OPERATING DEFICIT
YEAR ENDED DECEMBER 31, 1985

	1985 Transactions	Prior Years' Transactions	Totals 1985	Totals 1984
Revenue				
Assessments	$ 34,136,983	$ 1,564,213	$ 35,701,196	$ 33,271,950
Self-insurers	537,265	993,311	1,530,576	1,399,452
Interest on investments (includes $1,805,592 allocated to classes; 1984 - $1,565,489)	6,196,633		6,196,633	5,629,260
	40,870,881	2,557,524	43,428,405	40,300,662
Expenditure				
Claims and pension awards	13,229,465	993,311	14,222,776	11,736,380
Occupational Health and Safety	1,569,630		1,569,630	1,495,042
Administrative	4,016,238		4,016,238	3,948,572
	18,815,333	993,311	19,808,644	17,179,994
Excess of revenue over expenditure before transfers	22,055,548	1,564,213	23,619,761	23,120,668
Transfers to				
Estimated liability for future costs of existing claims	11,073,357	5,267,236	16,340,593	27,006,609
Liability for pension awards - interest earnings	4,391,041		4,391,041	4,063,771
Disaster reserve	1,808,692		1,808,692	1,664,868
Enhanced disabilities reserve	361,738		361,738	332,974
Recapitalization reserve	1,808,692		1,808,692	499,460
Occupational Health and Safety reserve	778,024		778,024	
	20,221,544	5,267,236	25,488,780	33,567,682
Excess of expenditure over revenue	$ 1,834,004	$ (3,703,023)	(1,869,019)	(10,447,014)
Provisional operating deficit, beginning of year			(21,433,420)	(10,986,406)
Provisional operating deficit, end of year			$(23,302,439)	$(21,433,420)

STATEMENT OF LIABILITIES AND RESERVE ACCOUNTS
YEAR ENDED DECEMBER 31, 1985

	Estimated Liability for Future Costs of Existing Claims	Liability for Pension Awards	Disaster Reserve	Enhanced Disabilities Reserve	Recapitalization Reserve	Occupational Health and Safety Reserve
Balance, beginning of year	$ 30,424,706	$ 45,420,380	$ 4,842,557	$ 757,866	$ 2,469,034	
Deductions:						
Benefits paid or charged with respect to claims	14,915,535	7,294,009	571,344	460,987	1,837,886	
	15,509,171	38,126,371	4,271,213	296,879	631,148	
Additions:						
Transfers	16,340,593	7,268,101	1,808,692	361,738	1,808,692	$ 778,024
Interest earnings		4,391,041				
Balance, end of year	$ 31,849,764	$ 49,785,513	$ 6,079,905	$ 658,617	$ 2,439,840	$ 778,024

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1985

	1985	1984
Cash provided from (used for)		
Operations		
Excess of expenditure over revenue	$(1,869,019)	$(10,447,014)
Depreciation	414,394	332,946
Amortization of premiums on investments	75,624	48,210
	(1,379,001)	(10,065,858)
Changes in		
Receivables	(1,214,167)	(242,793)
Payables and accruals	(62,893)	1,007,600
Payables to employers	(28,670)	(181,705)
Liabilities and reserves	34,588,038	40,103,472
Benefits paid or charged with respect to claims	(26,910,918)	(24,743,679)
	4,992,389	5,877,037
Investing		
Proceeds from sale and maturity of investments	14,969,974	7,186,732
Purchase of		
Investments	(19,044,822)	(10,979,331)
Building	(149,543)	(347,921)
Furniture and equipment	(407,123)	(467,717)
	(4,631,514)	(4,608,237)
Net cash provided	360,875	1,268,800
Cash and temporary investments, net of bank indebtedness		
Beginning of year	1,549,701	280,901
End of year	$ 1,910,576	$ 1,549,701

ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 1985

	1985	1984
Salaries and benefits	$ 2,851,725	$ 2,696,770
Telephone, postage and general office	483,026	476,944
Depreciation	414,394	332,946
Building operations and maintenance	269,561	217,333
Computer services	195,686	250,663
Professional services	140,463	136,878
Printing and supplies	119,535	182,977
Travel	84,784	92,795
Vehicle operating	80,691	54,293
Miscellaneous	10,669	29,955
Equipment	6,056	24,014
	4,656,590	4,495,568
Deduct:		
Rental income	361,765	266,531
	4,294,825	4,229,037
Administrative expenses charged to self-insurers as follows:		
Government of Newfoundland and Labrador	150,843	158,023
Government of Canada	61,308	56,029
Canadian National Marine	39,201	35,731
Terra Transport (CNR)	23,300	27,155
Memorial University of Newfoundland	3,398	2,844
Quebec North Shore and Labrador Railway	537	683
	278,587	280,465
	$ 4,016,238	$ 3,948,572

STATEMENT OF REVENUE, EXPENDITURE AND PROVISIONAL OPERATING SURPLUS (DEFICIT) BY CLASSES

YEAR ENDED DECEMBER 31, 1985

	1985 Totals	Class 1 Mining	Class 2 Forest Products	Class 3 Manufacturing	Class 4 Construction	Class 5 Transportation	Class 6 Service Industries	Class 7 Fishing	Class 9 Self-Insurers	Transferred to Liability For Pension Awards
Revenue										
Assessments	$35,701,196	$ 3,597,949	$ 2,534,394	$ 2,393,965	$ 6,416,054	$ 3,055,855	$ 11,101,379	$ 6,601,600		
Self-insurers	1,530,576								$ 1,530,576	
Interest on investments Allocated to classes	1,805,592	207,387	130,541	125,918	324,462	160,242	638,987	218,055		
Transfers to liability for pension awards	4,391,041									$ 4,391,041
	43,428,405	3,805,336	2,664,935	2,519,883	6,740,516	3,216,097	11,740,366	6,819,655	1,530,576	4,391,041
Expenditure										
Claims and pension awards	14,222,776	1,611,562	562,546	918,412	1,964,491	1,088,148	3,624,676	2,922,365	1,530,576	
Occupational Health and Safety	1,569,630	145,062	105,278	111,312	277,852	121,528	495,568	313,030		
Administrative	4,016,238	371,174	269,378	284,814	710,945	310,958	1,268,011	800,958		
	19,808,644	2,127,798	937,202	1,314,538	2,953,288	1,520,634	5,388,255	4,036,353	1,530,576	
Excess of revenue over expenditure before transfers	23,619,761	1,677,538	1,727,733	1,205,345	3,787,228	1,695,463	6,352,111	2,783,302		4,391,041
Transfers to										
Estimated liability for future costs of existing claims	16,340,593	1,370,496	1,085,213	393,760	1,367,841	1,230,034	8,077,173	2,816,076		
Liability for pension awards - interest earnings	4,391,041									4,391,041
Disaster reserve	1,808,692	180,302	126,757	119,570	327,416	153,139	555,685	345,823		
Enhanced disabilities reserve	361,738	36,060	25,352	23,914	65,483	30,628	111,137	69,164		
Recapitalization reserve	1,808,692	180,302	126,757	119,570	327,416	153,139	555,685	345,823		
Occupational Health and Safety reserve	778,024	77,559	54,525	51,434	140,842	65,874	239,035	148,755		
	25,488,780	1,844,719	1,418,604	708,248	2,228,998	1,632,814	9,538,715	3,725,641		4,391,041
Excess of expenditure over revenue	(1,869,019)	(167,181)	309,129	497,097	1,558,230	62,649	(3,186,604)	(942,339)		
Provisional operating surplus (deficit), beginning of year	(21,433,420)	(2,076,542)	948,933	(2,381,321)	(7,915,138)	(829,520)	(4,900,130)	(4,279,702)		
Provisional operating surplus (deficit), end of year	$(23,302,439)	$(2,243,723)	$ 1,258,062	$(1,884,224)	$(6,356,908)	$(766,871)	$(8,086,734)	$(5,222,041)		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1985

1. ACCOUNTING POLICIES

Assessments receivable

i) No provision has been made in the financial statements to provide for revisions in 1985 assessments based on actual payroll returns filed by employers.

ii) Write-offs of uncollectable assessment balances are charged against assessment revenues.

Investments

i) A gain or loss on an exchange of investments is deducted or added to the cost of the new investment and amortized to its maturity or call date.

ii) Investment income
Interest earnings are allocated on the basis of 9.5% to the liability for pension awards and the balance prorated to the classes.

Capital expenditures and depreciation

The cost of office machines and other replacement equipment is charged to expense in the year of acquisition. Capital items acquired in excess of normal requirements are depreciated on a straight-line basis over the anticipated useful life of the assets and in this category are:

	Annual Rate
Building	2 1/2%
Furniture and building	10%; 20%

Estimated liability of future costs of existing claims

This liability represents the estimated amount required to meet future payments of compensation, medical aid and pension awards in respect of 1985 and prior years' accident claims. The estimated liability has been calculated on an actuarial basis. This calculation was prepared in 1984 and is to be reviewed every two (2) years.

Liability for pension awards

The purpose of the liability is to set aside amounts to provide for the future payments on established pensions. The capitalization of pensions and the resulting calculation of the pension liability is determined on an actuarial basis, to be reviewed every three (3) years. The latest actuarial report was prepared on the basis of financial information available to December 31, 1982.

Transfers to reserves

i) Transfers to reserves for Disaster, Enhanced Disabilities and Recapitalization are calculated as a percentage of annual assessments revenue as follows:

	1985	1984
Disaster	5%	5%
Enhanced Disabilities	1%	1%
Recapitalization	5%	1.5%

ii) The Occupational Health and Safety Division of the Department of Labor and the Workers' Compensation Commission agreed on May 23, 1985 to a proposal for the funding of the costs of special projects and studies relating to enhancement of occupational health and safety in the work force.

Under the terms of the proposal, the Commission will set aside a reserve, to a maximum of five (5) million dollars. Annual transfers to this reserve are calculated as 2% of the annual assessment revenue and interest income of the previous year. Special projects to be charged to this reserve must receive prior approval by the Lieutenant-Governor in Council.

The establishment of a reserve requires the approval of the Lieutenant-Governor in Council. Regulations have been drafted and it is anticipated that approval for this reserve will be received in 1986.

2. INVESTMENTS

	Par Value	Book Value
Newfoundland and Labrador Hydro	$ 18,908,000	$ 19,244,682
Province of Newfoundland and Labrador	5,710,000	5,972,405
Government of Canada	5,200,000	5,356,214
Ontario Hydro	5,108,000	5,216,453
Newfoundland Light and Power	3,992,000	4,106,892
Bank of Montreal Leasing Corporation	2,500,000	2,441,012
City of St. John's	2,133,000	2,144,581
British Columbia Hydro	2,000,000	1,992,441
Newfoundland Telephone	1,737,000	1,731,134
Newfoundland Municipal Financing Corporation	1,185,000	1,156,970
Canadian Imperial Bank of Commerce	1,000,000	1,012,918
Province of Prince Edward Island	700,000	694,495
Trans Alberta Utilities Corporation	640,000	783,049
Maritime Telephone and Telegraph	580,000	573,197
New Brunswick Municipal Financing Corporation	575,000	607,488
Bank of Montreal Mortgage Corporation	550,000	548,448
Westcoast Transmission	525,000	529,554
New Brunswick Electric Corporation	460,000	471,796
Other	1,802,875	1,777,456
	$ 55,305,875	$ 56,361,185

The approximate fair market value of the investments as at December 31, 1985 amounted to $56,528,373.

3. LAND, BUILDING, FURNITURE AND EQUIPMENT

	1985			1984
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 10,830		$ 10,830	$ 10,830
Building	4,701,685	$ 733,955	3,967,730	3,935,729
Furniture and equipment	1,722,088	610,221	1,111,867	1,001,596
	$6,434,603	$1,344,176	$5,090,427	$4,948,155

STATISTICS

SUMMARY OF BENEFITS — 1985

Compensation Benefits:

Maximum annual earnings on which compensation is paid $45,500

Rate of compensation:

(1) 1983 and prior years claims ..... 75% of gross income
(2) 1984 and subsequent years claims ..... 90% of net income

Maximum weekly compensation $587.82
Minimum weekly compensation ..... $200.00, or actual earnings if less.

Dependents Benefits:

(a) Where death resulted from an injury which **occurred prior to January 1st, 1982**

Initial lump sum to spouse	$1,120.00
Monthly spouses allowance	500.48
Children's allowance, up to age 16, or age 21 if attending school	122.07
Funeral expenses	1,120.00
Re-marriage allowance	6,000.00

(b) Where death resulted from an injury which **occurred on or after January 1st, 1982**

Initial lump sum to spouse, based on 2 1/2 times worker's compensable income, Maximum monthly allowance	$1,895.70
Minimum monthly allowance	500.48

Note: Monthly allowance eligibility depends on age and whether there are dependant children. Re-marriage allowance; the sum of the monthly payments due, up to a maximum of twelve, or $5,000.00, whichever is the lesser.

Rehabilitation Benefits:

Benefits paid to a worker, or to an employer on behalf of a worker, while on a rehabilitation program, can vary with the type of the program. Generally, while a worker is engaged in a program, the income of the worker is maintained to a level equal to temporary total disability benefits. In addition, the costs of training supplies required for the program are covered.

Medical Aid:

All medical expenses incurred by a worker, related to the compensable injury, including hospital, doctors, drugs and travel costs, are covered by the Commission.

Personal Care:

Where a worker requires special personal care during the period of recuperation, an allowance may be provided, ranging from $100.00 to $500.00 per month.

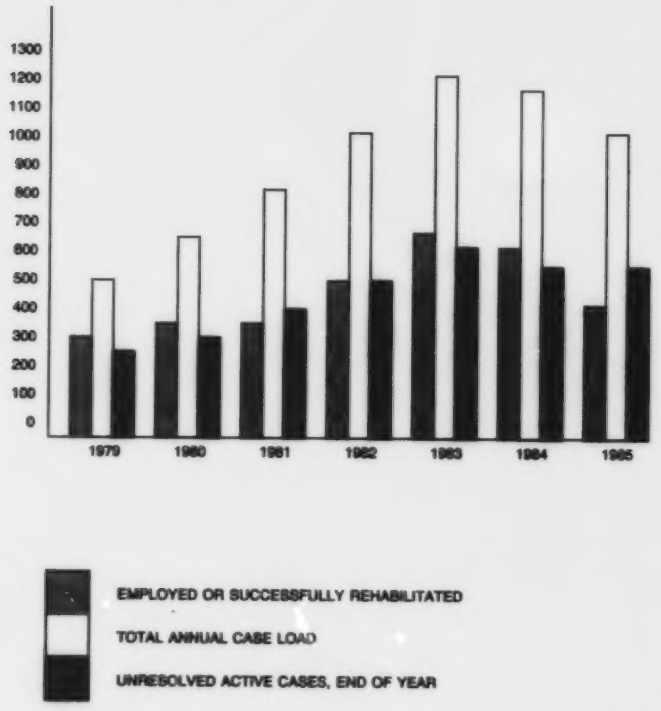
Home Care:

Where a worker is unable to perform ordinary, necessary household chores and a family member is not available to provide that service, the Commission may provide such a service at no cost to the worker.

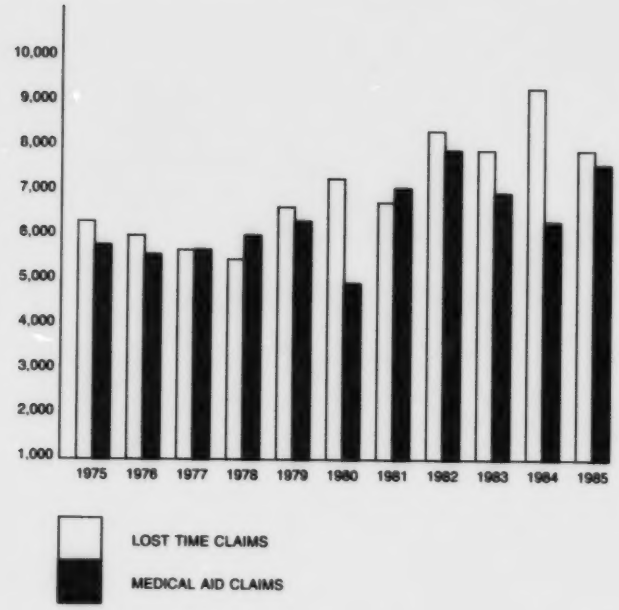
REHABILITATION CASE LOAD

	1985		1984		1983		1982	
No. of Counsellors	5		5		5		5	
Returned to Employment	225		340		399		248	
Programmed	167		199		200		139	
Refused Services	20		29		14		20	
Non Vocational Matter	23		29		22		78	
Other Closures	16							
Resolved Cases	451	(46%)	597	(51%)	635	(51%)	485	(49%)
Presently in Training	138		104		108		121	
Under Medical Treatment	161		272		354		267	
Unsuccessful to Date	63		41		23		13	
Not Contacted	126		142		112		85	
Active Cases	505	(54%)	559	(49%)	597	(49%)	486	(51%)
Total Case Load	956		1,156		1,232		971	

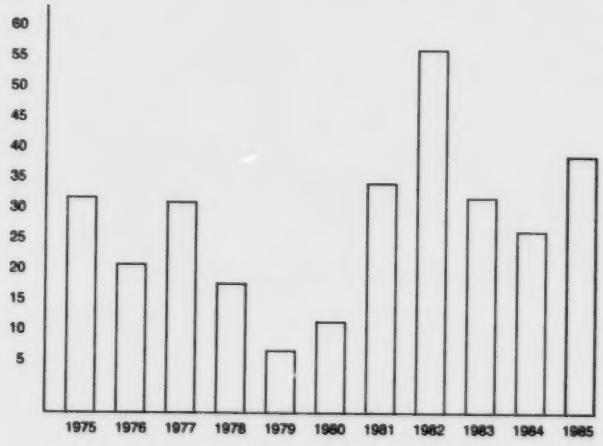
REHABILITATION CASE LOAD



LOST TIME AND MEDICAL AID CLAIMS



FATAL COMPENSABLE INJURIES



NOTE: 1982 figures include the Ocean Ranger Claims

LOST TIME CLAIMS 1985
BY CLASS AND NATURE OF INJURY

Nature of Injury	Mining Class 1	Forest Products Class 2	Manu-facturing Class 3	Construc-tion Class 4	Transporta-tion Class 5	Sales Service Class 6	Fishing Class 7	Self Insurers Class 9	Total
Amputation			1	3		4	5	3	16
Asphyxia									
Burns	2	3	32	13	1	66	27	21	165
Concussions				2		4	1	1	8
Contusion	59	41	195	207	66	359	492	276	1,705
Open Wounds	12	60	121	99	21	248	751	127	1,439
Dislocation			5	3	1	3	4	3	19
Contact with Electrical				1		1	2		4
Fracture	18	14	26	60	15	62	33	54	282
Hernia	1			3		2	2	2	10
Abrasions	18	9	79	75	16	58	82	62	399
Sprains	94	58	336	329	131	1,070	735	680	3,433
Multiple Injuries	22	10	30	39	18	68	42	47	276
Occupational Illness			1						1
Contagious and Infectious						3	2	1	6
Skin Inflamation	1	1	3	1		8	8	2	24
Freezing and Frostbite				1		2	1	1	5
Hearing Loss								1	1
Heat Exhaustion									
Irritation Joints/Muscle	2	1	2	2		7	18	7	39
Poisoning Inhalation	1		1	3		7	9	9	30
Industrial Diseases									
Radiation Effects	5		6	1				1	13
Non Personal Damage			1			1	2	1	5
Vision Loss/Cataracts									
Psychological/Unidentified									
Miscellaneous	30	13	100	96	37	163	198	119	756
TOTAL	275	210	939	938	306	2,136	2,414	1,418	8,636

LOST TIME CLAIMS 1985
BY CLASS AND PART OF BODY

Part of Body	Mining Class 1	Forest Products Class 2	Manufacturing Class 3	Construction Class 4	Transportation Class 5	Sales Service Class 6	Fishing Class 7	Self Insurers Class 9	Total
Eyes	23	11	92	78	17	52	67	67	407
Head and Neck	7	13	32	31	10	95	62	76	326
Back and Spine	61	41	202	206	93	684	380	420	2,087
Chest	11	6	26	26	14	43	65	48	239
Other Trunk	19	10	55	59	12	149	156	88	548
Hands and Fingers	39	38	244	185	45	486	1,159	249	2,445
Other Upper	20	10	44	44	8	97	161	68	452
Feet and Toes	37	24	99	135	35	199	125	141	795
Other Lower	27	42	78	95	33	131	109	136	651
Multiple Internal Injury	24	13	43	57	30	127	98	90	482
Circulatory			1			2	1		4
Gastrointestinal	1					2	3		6
Genitourinary									
Nervous System									
Respiratory				2			4	2	8
Other Systems				1					1
Miscellaneous	6	2	23	19	9	69	24	32	184
TOTAL	275	210	939	938	306	2,136	2,414	1,418	8,636

LOST TIME CLAIMS 1985
BY CLASS AND TYPE OF INJURY

Type of Accident	Mining Class 1	Forest Products Class 2	Manufacturing Class 3	Construction Class 4	Transportation Class 5	Sales Service Class 6	Fishing Class 7	Self Insurers Class 9	Total
Striking Against	11	4	33	33	13	63	122	52	331
Struck By	22	53	93	78	38	124	134	100	642
Fall From Elevation	19	4	43	80	8	73	74	76	377
Fall From Same Level	6	1	10	21	6	46	56	40	186
Caught In, On, or Between	23	9	57	58	14	80	145	64	450
Rubbed or Abrated	29	38	160	125	23	236	766	141	1,518
Bodily Reaction and Over	93	46	290	292	115	1,016	709	620	3,181
Contact with Electrical					1	1		1	3
Contact with Temp Extreme	2	2	27	12		51	15	16	125
Contact with Radiation	7	2	9	7		23	32	18	98
Collisions	2	10	5	20	10	15	9	14	85
Miscellaneous	61	41	212	212	78	408	352	276	1,640
TOTAL	275	210	939	938	306	2,136	2,414	1,418	8,636

REPORTED CLAIMS AND COSTS
1975 - 85

YEAR	CLAIMS	COSTS
1985	16,465	$28,057,771
1984	16,107	26,610,082
1983	15,115	25,453,648
1982	15,320	22,621,491
1981	15,949	18,634,248
1980	14,144	12,380,875
1979	15,437	10,226,170
1978	13,122	7,377,588
1977	13,147	7,366,386
1976	13,217	7,666,010
1975	13,350	6,372,089

PAYROLLS AND ASSESSMENTS
1976 - 1985

Year	Assessable Payroll	Assessments
1985	$1,925,488,443	$34,136,983
1984	1,901,078,128	33,424,363
1983	1,681,731,191	27,480,749
1982	1,460,549,600	22,279,253
1981	1,407,328,450	20,978,835
1980	1,171,606,318	14,506,913
1979	1,025,917,857	13,051,676
1978	852,803,032	12,390,592
1977	823,396,138	12,167,687
1976	769,269,148	10,947,824

Based on employer's estimated payroll to year end — subject to changes when actual payrolls are received.

REVENUE/EXPENDITURE
1976 — 1985